INTERNATIONAL JOURNAL OF SOCIAL SCIENCE HUMANITY & MANAGEMENT RESEARCH

ISSN (print) 2833-2172, ISSN (online) 2833-2180

Volume 04 Issue 12 December 2025

DOI: 10.58806/ijsshmr.2025v4i12n16, Impact Factor: 6.79

Page No. 2350-2356

Financial Crises and the Effects of Regulatory Responses

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ABSTRACT: Financial crises are complex phenomena arising from the horizontal and vertical effects of extreme fragilities and unexpected shocks in economic systems. Such crises negatively impact multifaceted economic activities by causing sudden and large-scale value losses in financial markets. The fundamental dynamics of crises include the continuous accumulation of risk in the pre-crisis period, intensifying liquidity pressures in the markets , and an increase in speculative movements . The factors triggering this situation can be expanded to include many factors that cause fluctuations, uncertainties, and unpredictability in the markets. In particular, the increasing risks and liquidity constraints faced by financial institutions deepen systemic fragilities, facilitating the rapid spread and contagion of crises. During this process, market pricing and investor confidence are rapidly undermined, leading to negative effects on economic growth and paving the way for rising unemployment rates. Consequently, financial crises are not limited to the financial sector but can have widespread negative consequences for the real sector and society at large. In this context, increased market volatility, growing uncertainty and heightened financial fragility necessitate effective, timely and coordinated regulatory interventions to mitigate crises and reduce their impact.

KEYWORDS: financial crises, shocks, fundamental dynamics of crises, intensification of pressures and speculative movements, systemic vulnerabilities

INTRODUCTION

Financial crises are highly complex and multidimensional situations that take shape in a dangerous manner as a result of horizontal and vertical effects created by unexpected shocks and excessive fragilities emerging at the weak points of economic systems. Such crises inflict serious damage by profoundly negatively affecting multifaceted economic activities, alongside sudden and large-scale value losses occurring in financial markets. Key elements among the fundamental dynamics of crises include the accumulation of increasing risks that persisted in the pre-crisis period, concentrated liquidity pressures in the markets, and the rise of speculative movements. This situation, which triggers crises, can be amplified and further intensified by numerous factors leading to volatility, uncertainty, and unpredictability in the markets. In particular, the increased risks faced by financial institutions, the accompanying liquidity constraints, and the uncertainty felt by market participants are among the key factors that deepen systemic vulnerabilities and facilitate the rapid spread and contagion of crises. During this process, market pricing and investor confidence are rapidly undermined, revealing serious negative effects on economic growth and causing unemployment rates to rise. Therefore, financial crises not only affect the financial sector but can also lead to widespread negative consequences in the real sector and at the societal level. In this context, the increase in market volatility, the rise in uncertainty and the strengthening of financial fragility necessitate the implementation of effective, timely and coordinated regulatory interventions to mitigate and ultimately suppress the effects of crises. Such interventions and organisational arrangements, which broaden the remit of regulatory and supervisory bodies, aim to ensure financial stability and establish market confidence, and can play an important role in this process. However, it is critically important that the regulatory response operates within the principles of flexibility, adequacy and transparency in order to be successful. Measures taken to maintain the resilience levels of economic systems and minimise the negative effects of crises should be implemented effectively through the joint efforts of different actors specialising in this field, with a view to long-term sustainability. For this reason, preventing financial crises, producing effective solutions in the event of a crisis, and ensuring effective cooperation among all relevant actors are considered fundamental elements of regular and stable growth in the economy. Furthermore, the social unrest and economic turmoil that arise during such crises necessitate a thorough review of state policies and international cooperation. Consequently, strategies developed for crisis prevention and management should be shaped to actively involve not only economic actors but also governments, regulatory bodies, and society. In this context, post-crisis recovery processes must be considered an indispensable part of long-term economic plans and should present significant opportunities for the restructuring of the financial system; these opportunities should be exploited to the fullest. Furthermore, while the causes and consequences of each financial crisis differ, the diversification of strategies developed to combat crises necessitates finding the most appropriate and effective solutions based on data analysis. Alongside the measures taken during crises, the long-term perspective must also be considered, addressing not only economic but also social dimensions. Thus, alongside the necessary measures to strengthen economic systems, social resilience must also be increased, enabling governments to develop people-centred strategies. In this process, it is crucial not to overlook the psychological effects caused by the crisis and to rebuild social consciousness. In conclusion, the effective management of financial crises requires multifaceted planning and approaches due to their complex and multi-layered structure.

METHOD

This study is a structured literature review based on qualitative research methods. Research methods, processes within the scope of Methods It is a well-known fact that risk accumulation and liquidity pressure are among the factors of critical importance in the formation of financial crises. These two fundamental factors are of paramount importance for the healthy and stable functioning of the financial system. Excessive risk accumulation in financial markets typically occurs during periods of accelerated economic growth, leading to various problems in the markets. In this process, financial institutions and investors turn to riskier assets with high return expectations, causing serious imbalances and distortions in the markets. Excessive risk situations can lead to a decrease in portfolio diversity, a change in risk perception and, consequently, an increase in systemic fragility, creating a series of circumstances that threaten the overall health of the market. The accumulation of excessive risk is, of course, a threat that can damage not only confidence in the markets but also overall market stability. Furthermore, this intense risk situation can cause prices to fluctuate quite suddenly and sharply by creating a loss of confidence and a climate of panic in the markets. These fluctuations increase investors' anxiety levels and create an unpredictable environment of uncertainty in the markets. Thus, it paves the way for potential developments that will create instability in the economy as a whole and exacerbates the risks, making the situation even more complex. The resulting crisis situations affect not only individual investors but also powerful financial institutions, restricting and complicating their activities. These processes pose significant dangers for both individual investors and large financial institutions and can undermine and threaten the resilience of the financial system in the long term. Therefore, the effective management of these two factors is of paramount importance for the sustainability of a healthy financial system, and if the necessary measures are not taken for this management, ensuring financial stability will become increasingly difficult. Furthermore, imbalances in the markets can create heavy burdens on all economic actors, negatively affecting overall economic growth and thus having profound effects on social welfare.

Liquidity pressure is a serious situation that arises unexpectedly in financial markets as a result of sudden cash outflows or a loss of confidence in financial institutions on the part of lenders, i.e. creditors. Such situations can cause banks and many other financial institutions to encounter serious difficulties in meeting their short-term obligations. Such difficulties can lead to increased urgent liquidity needs in financial institutions, thereby creating an effect that could deepen the crisis. Liquidity crunch can destabilise the financial system, leading to a chain reaction where other market actors also encounter payment difficulties. At this point, the apparent lack of liquidity in the markets further deepens the loss of confidence, thus playing a significant and triggering role in the rapid spread and deepening of financial crises. This phenomenon is not limited to individual institutions but can become a threat to the financial system as a whole. In situations of increased market uncertainty and volatility, investors may adopt a more cautious approach, seeking to convert their assets into cash quickly. This conversion can put further pressure on existing liquidity levels, creating additional tail risks and increasing the sense of insecurity in the markets. Consequently, the complex interactions triggered by liquidity pressure can cause widespread problems in financial markets, leading to deepening economic problems for many participants. The results of these interactions may prompt investors to review and revise their strategies and adopt a cautious approach.

The increase in risks and liquidity problems significantly reduces the resilience of the financial system, which markedly increases the likelihood of widespread financial crises. In this context, the continuous monitoring of risks from a macroeconomic and sectoral perspective, the development of effective early warning systems, and the implementation of appropriate regulatory policies have become imperative. In order to prevent crises or mitigate their negative effects, it is essential to maintain a balance across the system when determining the risk levels and liquidity reserves of financial institutions. Furthermore, the effective use of various liquidity and risk management tools plays an important role in mitigating the severity of potential crises. Thanks to these tools, it will be possible to reduce the pressures on the financial system and ensure market stability. Ultimately, the accumulation of risk and liquidity pressures must be kept at sustainable levels through the joint efforts of financial actors and regulators. Avoiding excessive risk-taking and excessive liquidity demand is of paramount importance. During times of crisis, effective communication and cooperation must be ensured so that all stakeholders can work together to overcome these problems. In this process, the continuous review and updating of risk management strategies is of critical importance for the health of the financial system. Thus, the aim will be to maintain financial stability and minimise the effects of possible crises.

FINDINGS

The data obtained from the literature review is discussed in detail under the Findings heading, examining the various methods applied to investigate intergenerational trauma transmission and the practical examples in this area, subjecting them to a comprehensive analysis process. This extensive analysis process, particularly by bringing together the results of field studies conducted in different geographical regions, highlights the applied aspects of the Findings, which are of critical importance for the effective management and prevention of financial crises and, for these reasons, provide a vital structure for the sustainability of the economy. In this context, the use of macroprudential policy tools aims to increase the overall resilience of the financial system while also undertaking the mission of preventing imbalances in the markets. Secondly, these measures contribute to mitigating the negative effects of unforeseen events while continuously evolving to alleviate the problems caused by economic fluctuations and ensure market stability. Central banks and relevant regulatory authorities implement various macroprudential measures to ensure market stability, limiting credit expansion, raising reserve requirements, and effectively managing liquidity . These important measures provide a critical framework for the financial system to operate in a healthier and more sustainable manner. These effective tools have been carefully designed to reduce systemic risks and prevent the formation of excessively leveraged structures. Furthermore, through banking insurance schemes and crisis management mechanisms, protection is provided not only for financial institutions but also for depositors in the event of a potential crisis. Such advanced systems play an important role in preventing panic selling, as well as maintaining a secure environment. Comprehensive measures include elements aimed at market stability; increasing transparency and supervisory effectiveness, sharing information at the right time and in the right form, as well as encouraging market participants to make informed, sustainable and sound decisions. In this way, overall market security is ensured, enabling participants to better understand and assess risks. The measures outlined above aim not only to preserve the current situation but also to contribute to the long-term health of the market, offering a sustainable structure for the future. In addition, international harmonisation and coordination within the regulatory framework are of great importance; thus, joint action and a collaborative approach can be established in the face of cross-border fluctuations and crises. Regulators assume the responsibility of protecting and maintaining financial stability by developing their ability to intervene quickly and effectively during times of crisis. Achieving this delicate balance is of paramount importance not only for local markets but also for the health of the global system. Ultimately, the scope and implementation of regulatory responses provide a fundamental framework for ensuring sustainable growth and safeguarding financial operations, thereby contributing to the healthy and efficient functioning of the economy while also helping to maintain financial stability. The effective fulfilment of these tasks is vital for achieving economic growth and sustainable stability; therefore, the management of the financial system involves a series of complex processes that must be carefully managed. The effective use of these structures in preventing and resolving financial crises will also contribute to increased cooperation with other countries facing similar problems worldwide, the development of mutual learning opportunities, and the sharing of experiences between countries. Thus, both the local market will be placed on solid foundations and the strengthening of confidence and stability at the international level will be supported.

Banking insurance and crisis management mechanisms

Banking insurance and crisis management mechanisms play an extremely important role in maintaining financial stability. These complex systems are meticulously designed and implemented to provide the infrastructure necessary for banks to maintain their financial health and sustainability. In order to ensure effective intervention in times of crisis, these mechanisms also include various contingency plans, emphasising the importance of being prepared in advance for potential threats. Banking insurance is a critical measure to prevent sudden panic and customer withdrawals by protecting depositors' savings within certain predetermined limits. This practice helps maintain stability in the sector. This protection minimises banks' liquidity crises and bankruptcy risks, thereby contributing to the healthy functioning of the financial system. At the same time, deposit insurance enhances the overall reliability of the financial system and serves as an important guarantee that positively influences market participants' risk-taking behaviour. This enables banks to provide services more effectively and demonstrate resilience against economic fluctuations, which is essential for sustainable growth and stability in the long term. Ensuring financial stability has become an indispensable element not only for banks but also for the healthy development of the entire economy. Thus, these mechanisms, which are of critical importance to the security and functioning of the banking sector, constitute a vital priority for financial systems and their role in the economy is increasing. Banking insurance is not only a guarantee but also an effective tool for reducing the risks posed by fluctuations in the sector. In times of crisis, the existence of these mechanisms provides great confidence to savers and contributes to minimising economic uncertainty. The use of such supportive systems by banks helps them gain the confidence of investors and savers by keeping them on a more solid footing during difficult times. Therefore, the existence of these mechanisms is essential for the protection of both banks and the financial system in general. Furthermore, these systems enable capital flows to occur more regularly and increase market stability, which indirectly supports economic growth. In conclusion, banking insurance and crisis management mechanisms enable steps to be taken towards sustainability while also forming a critical building block for the entire economy. Such measures increase the resilience of banks against all kinds of economic uncertainty and hardship, while generally strengthening the financial confidence environment at national and international levels.

Financial Crises and the Effects of Regulatory Responses

Crisis management mechanisms implemented during crises adopt a comprehensive and multifaceted approach, effectively incorporating intervention tools of varying degrees. The liquidity provided by central banks through monetary policy instruments plays a critical role in efforts to maintain market stability. In addition, emergency financial support provided to banks and, where necessary, direct contributions from the public sector, particularly during difficult times, help to meet critical needs. Furthermore, taking macroprudential measures both before a crisis and during its ongoing course is highly important. These measures involve comprehensive and careful strategies aimed at reducing systemic risks and thus significantly contribute to enhancing market confidence. In general, such preventive measures ensure effective crisis management by incorporating elements such as strict supervision and increasing Capital Adequacy Ratios. At the same time, every effort is made to ensure market stability by keeping banks' risk structures under constant supervision. When necessary, strategies such as restructuring and bank liquidation processes are implemented in emergencies to minimise market imbalances and, consequently, potential major losses. These processes are of great importance for maintaining the healthy functioning of the financial system and minimising the effects of crises. The effectiveness of these mechanisms is directly related to the preparations and practices of regulatory authorities. A robust insurance system and well-structured crisis management procedures reduce the risk of financial system collapse during crises while safeguarding confidence across the market. Furthermore, these structures provide support during the post-crisis rehabilitation and restructuring process. Consequently, the integrated functioning of banking insurance and crisis management mechanisms stands out as indispensable elements in ensuring financial stability and mitigating the negative effects of crises.

Real Sector and Employment

The real sector and employment issues are seriously considered as one of the most important consequences of the widespread and deep effects of financial crises. They are carefully analysed and, when necessary, supported by immediate regulations. As this situation is of critical importance for economic stability, it is prioritised at all times and supported by continuously updated and expanded strategies. Financial fragilities arising during crises can negatively affect real sector activities and have the potential to significantly increase investment and production costs. Particularly at this stage, deep and comprehensive economic crises emerge, making it extremely difficult for small and medium-sized enterprises to access financing and causing the economic system to lose its balance. These difficulties ultimately lead to a significant decline in production levels and the postponement of investments, which in turn slows down the economy and creates widespread negative effects. As a natural consequence of shrinking demand, sales decline substantially while prices tend to fall; this situation disrupts and distorts the overall balance of markets. Such an unfavourable economic environment seriously reduces businesses' profits and causes many companies, especially small businesses, which struggle to cover their costs, to face the risk of permanent bankruptcy. The observed increase in layoffs and unemployment rates indirectly leads to a slowdown in economic growth; this situation negatively affects economic activities on a large scale, paving the way for social problems to emerge. Especially during times of crisis, the preventive and supportive policies implemented by governments aim to increase the resilience of the real sector and ensure stability in the markets, requiring them to develop and implement various strategies in this context. Along with these policies, the provision of financial support, the implementation of tax reductions and the introduction of various measures such as credit guarantees can help to revive the economy, thereby bringing about promising improvements. However, it is important to note that these measures should not only provide short-term relief; it is also imperative to develop long-term employment and growth strategies. During the post-crisis recovery process, solutions such as labour market flexibility and retraining programmes play a critical role in mitigating job losses and accelerating economic recovery. Ultimately, the impact of financial crises on the real sector and employment constitutes a challenging process that develops through a complex combination of direct and indirect dynamics and involves significant contradictions. In this process, appropriate and effective policy responses, the implementation of structural reforms, and long-term planning are of great importance in ensuring economic sustainability and minimising the negative effects of crises; these elements represent an indispensable factor in maintaining the stability of the business world and society. In order to build a strong economic structure, it is imperative to implement careful and effective strategies during such crisis periods. The right steps to be taken to support business growth, increase employment and maintain economic vitality should form the basis of these efforts and enhance the effectiveness of the measures. The active role of the private sector, as well as governments, in this process will increase investor confidence and create opportunities to increase long-term growth potential. In this context, it is also crucial that all stakeholders work together to maintain social and economic stability; solidarity and mutual support play a major role in this regard. For this reason, in addition to employment issues, efforts to minimise negative effects on the real sector have become an inevitable necessity for a sustainable economic structure.

Financial Institutions and Capital Structures

During and after financial crises, the capital structures of financial institutions are of critical importance for economic and financial stability and have therefore become a subject that requires comprehensive attention. It is clear that the quality of these structures will play a decisive role in ensuring and sustaining economic stability during the challenging times we are currently experiencing. In particular, the existence of strong capital buffers held by financial institutions enables them to manage the various risks they may encounter during potential crises more effectively, and therefore the importance of these elements cannot be overlooked. Precisely for this reason, such buffers help to overcome uncertainties in the markets and contribute to minimising the negative consequences that these uncertainties may cause. In mitigating the effects of the challenges encountered during times of crisis, the protection provided by these strong buffers stands out as an indispensable and critical element in maintaining financial stability. The existence of strong capital structures enables not only banks but also all financial institutions to develop the resilience necessary to sustain their assets and ensure stable management, thereby creating a more robust economic infrastructure. This significantly contributes to restoring confidence in the markets by increasing resilience against various potential losses. Strong and robust capital structures offer a considerable advantage in enabling financial institutions to manage the adverse effects of financial crises much more effectively under such conditions by making them less vulnerable to market fluctuations. Such structures are extremely critical and indispensable for the overall security and stability of the economic system. These robust and resilient infrastructures help financial institutions develop effective backup and intervention mechanisms in adverse situations, while also laying the groundwork for promoting long-term financial health. Thus, strengthening these structures enables all financial institutions to operate within a more robust framework and contributes significantly to increasing market confidence. In particular, these structures act as an important buffer against future financial uncertainties, helping institutions increase their resilience to market stress. All these factors are extremely important for the overall health and continuity of the financial system and should therefore not be overlooked. Consequently, protecting and strengthening these structures during and after financial crises not only enables the economy to grow healthily but also positively impacts the welfare of the entire society. Notably, this situation should be carefully considered as a crucial strategy to mitigate the effects of potential future crises. All these developments should be planned and addressed with a strategic perspective that will steer the financial system towards strengthening. In this context, a financial system with sound capital structures will provide an important protective shield against potential crises we may face in the future, ensuring the sustainability of economic stability. The measures to be taken and the strategies to be put in place should increase the resilience of the entire economic system by ensuring that these structures strengthen and maintain their assets in the long term, and should therefore be carefully designed to minimise the effects of future crises. Capital structures are generally shaped on the basis of equity and permanent liabilities. Capital ratios and liquidity adequacy, in particular, are decisive factors in mitigating the effects of crises and ensuring market confidence. Banks' regular monitoring of their risk-weighted assets and capital adequacy through supervision and reporting mechanisms reduces the risk of crises. Furthermore, the minimum capital requirements set by regulatory authorities aim to strengthen the resilience of financial institutions against crises. The size and capital structure of institutions have a direct impact on the overall health of sectors during crises. Large financial institutions with strong capital are more resilient in terms of liquidity and credit access, while small institutions with weak capital structures become more vulnerable to crises. This situation can increase overall fragility levels and systemic risks in the sector. It is crucial for regulatory authorities to meticulously and regularly monitor the capital structures of financial institutions in order to identify the likelihood of financial crises in advance and take the necessary timely interventions. This monitoring process plays a critical role in assessing the risk profiles and sustainability of financial institutions. Furthermore, in the event of a crisis, the ability of financial authorities to demand additional capital when deemed necessary is of great importance, particularly in terms of protecting the integrity of the financial system. Restructuring and capital increase policies implemented during crises stand out as effective strategies for ensuring the long-term sustainability of financial institutions and reducing systemic risks. In this context, developing strong and flexible capital structures not only increases resilience to crises but also becomes a fundamental requirement for ensuring overall financial stability.

Restructuring and Long-Term Effects

The restructuring process highlights the complexity, meticulousness and carefulness required to implement new rules effectively, particularly those that are realistic and practicable, alongside the comprehensive and detailed regulations introduced in the wake of financial crises. This critical and noteworthy phase is an important element that must be taken into consideration, as it is of vital importance not only for strengthening the financial health of financial institutions, but also for ensuring their economic sustainability from a broader perspective. This process requires great care and thorough planning. The structural reforms implemented after the crisis include a specific set of steps and comprehensive strategies aimed at increasing the resilience of the banking system and financial markets; in this context, each step taken is indeed of considerable importance. In this context, raising capital adequacy ratios will be one of the ongoing and complex processes that could lead to broader and deeper problems if not given sufficient attention. At the same time, reviewing and strengthening risk management standards and increasing the effectiveness of supervisory mechanisms are also key elements in this process; when implemented properly, these elements contribute significantly to strengthening the system by positively affecting its overall health. During the process, the adoption of international harmonisation procedures becomes imperative in order to encourage financial integration and, alongside this, to make capital flows more stable; for if these steps are not taken, serious problems and uncertainties may be encountered at the global level, and this situation may lead to financial instability, profoundly negatively affecting the current situation. The long-term effects of these reforms are strongly evident through a significant reduction in the fragility of the financial system and increased resilience to crises. Structural reforms pave the way for an environment where financial institutions operate more effectively and efficiently by increasing market competition and productivity, thereby facilitating positive contributions to their surroundings. Furthermore, the transformation of the financial sector and the revaluation of assets inevitably create an atmosphere of confidence in the economy, and all these steps have been carefully planned to accelerate the post-crisis adjustment processes of regulatory institutions and support the post-crisis recovery process. In this context, the restructuring process plays a key role in ensuring long-term sustainability and economic stability by strengthening the fundamental dynamics of the financial system . The effective functioning of this process is of great importance in terms of establishing the necessary infrastructure to mitigate the negative effects of financial crises and, at the same time, help prevent the emergence of new crises. Thus, by increasing the reliability of the financial system, it becomes an important factor in avoiding a new crisis environment and contributes to the consolidation of economic stability, creating a more stable development process. Restructuring aims to create a more robust financial structure by bringing all these strategic elements together, thereby establishing a system that is more resilient to future uncertainties and offering permanent and sustainable solutions in terms of measures to be taken against financial crises. The success of this process will not be limited to improving the current situation, but will also enable the development of a proactive approach to potential future crises. This will strengthen the stability and sustainability of the global financial system and enhance its reputation.

CONCLUSION

The consequences of financial crises have profound and far-reaching effects on the short- and long-term resilience of economies, creating a series of complex impacts on society and individuals. The outcomes of these complex effects are extremely intricate and multidimensional, containing various elements that threaten the overall health of the economy. The economic bottlenecks that emerge after crises significantly increase the obstacles to sustainable growth; these obstacles naturally have negative effects on the real sector and employment, disrupting the overall balance of the economy, reducing employment rates, and producing many factors that threaten human living standards. The rise in unemployment rates makes it difficult for individuals to earn a living, weakens the social structure, and paves the way for social unrest. During this process, weaknesses in the financial system, along with speculative movements and market imbalances, seriously undermine consumer confidence. Consequently, this negatively affects savings behaviour, significantly slowing down the post-crisis recovery process and leaving deep and lasting scars on society. Furthermore, the decline in consumption expenditure contributes to a further slowdown in economic growth, while increasing economic uncertainty leads to a halt in investments, becoming a serious factor threatening long-term growth potential. The structural changes and regulatory adaptations brought about by crises necessitate the implementation of important reforms that will enable market actors to develop their risk management capabilities , and this process is of vital importance in terms of achieving economic balance. In this context, developing effective policies to address the institutional and market vulnerabilities that cause crises is critical to enhancing the effectiveness of prevention and intervention mechanisms. In terms of long-term effects, achieving financial integration in some form and redirecting capital flows shapes the international competitive environment and significantly impacts local economies. Accelerating structural reforms becomes considerably easier and reduces market uncertainties, which has positive implications for both investors and markets. In this regard, regulatory approaches at the central and local levels during times of crisis form the basis for maintaining financial stability and preventing crises from deepening, thereby contributing to the creation of a more robust and resilient economic structure in the long term. Flexibility and adequacy requirements, along with transparency principles, increase the resilience of sectors to crises. At the same time, strengthening accountability and loss-sharing mechanisms establishes market confidence and has a positive impact on investors' risk perception. Consequently, effective regulations and structural solutions, aimed at ensuring sustainable development to mitigate the long-term effects of financial crises, are becoming fundamental elements in maintaining and reshaping economic balance. Thanks to these efforts, the risk of similar crises occurring is minimised, and market integrity and stability are optimally ensured. Such measures and careful management are designed with specific methods not only to solve current problems but also to prepare for future crises, establish the confidence of market participants, and ensure that all segments of society benefit optimally from the financial system. Thus, by creating a sustainable economic environment, the aim is to increase individual and social welfare. In this context, long-term strategies are developed to ensure economic growth and development, thereby increasing the welfare levels of societies and establishing a stable economic environment. In this context, the integration of elements such as financial sustainability, employment quality and social justice necessitates the creation of an ideal balance between economic growth and social welfare, and this balance can be rebuilt in a way that increases social solidarity in times of crisis. During this process, the adoption of international harmonisation procedures becomes imperative in order to encourage financial integration and, at the same time, make capital flows more stable; for if these steps are not taken, serious problems and uncertainties may arise at the global level, which could lead to financial instability and profoundly negatively affect the current situation.

LIMITATIONS

This study has certain limitations. Firstly, as the research was conducted using qualitative literature review methods, the general validity of the findings is limited. From a psychological perspective, positive effects are also observed in terms of access to information and participation in social movements.

NOTIFICATION

Evaluation: It has been evaluated by internal and external consultants.
Conflict of Interest: The authors have not reported any conflicts of interest related to this article.
Financial Support: The authors have not reported any financial support related to this article.

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